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NEWS RELEASE

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Two Men Accused of Investment Fraud for Claiming to Own Real Estate Options ***Merritt and Howell took \$1.2 million from eight investors, promising risk-free returns ...***

SALT LAKE CITY, Utah – The Division of Securities issued an order to show cause today against Douglas W. Merritt, of Bountiful, and Gregory K. Howell, of South Jordan, based on allegations they took \$1,218,750 from 8 investors in Utah and four other states. The order to show cause accuses the two of securities fraud, selling unregistered securities, and selling securities without being licensed.

The Division alleges that Merritt and Howell told investors that Merritt had options to purchase high-end real estate properties available for sale and that he had lined up buyers for the properties. The buyers were willing to pay higher prices than the prices at which Merritt had obtained options, guaranteeing profits on each sale. Investors were told if a property was not sold, the investors' money would be returned. Investors purchased options or portions of options that Merritt claimed to have. While the properties listed in the option agreements were real, the option agreements were fabricated; the property owners had never met Merritt or sold options.

The state alleges that investor funds were used for cash withdrawals by Merritt, payments to prior investors, payments to Howell, and to pay Merritt's attorney. Investors lost all or most of their money. Some of the investors obtained second mortgages on their homes to invest with Merritt.

According to the Division, investors were told the investment had no risk and was "fool proof." The investors were not told of Merritt's prior criminal history which includes a 1996 conviction for theft, a 1997 conviction for securities fraud and attempted unlawful dealing by a fiduciary, and a 2006 conviction for securities fraud and selling unregistered securities. Investors also were not told that Merritt has unpaid judgments against him totaling \$5.3 million.

A hearing will be held on February 25 to determine whether Merritt and Howell dispute the Division's allegations.

Investors are urged to contact the Division to make sure anyone offering investments is licensed. 801.530.6600, or toll free at 1.800.721.7233. www.securities.utah.gov.